



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

September 12, 2007

Tom Price, Treasurer
Chesapeake Energy Corporation Fed-PAC
P.O. Box 18496
Oklahoma City, OK 73154

**Response Due Date:
October 15, 2007**

Identification Number: C00389288

Reference: Mid-Year Report (1/01/07 – 6/30/07)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 2 items:

1. Schedule B of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. 2 U.S.C. §441a(a) prohibits a multicandidate committee and its affiliates from making a contribution to a candidate for federal office in excess of \$5,000 per election.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information.

If any contribution you made exceeds the limits, you must request a refund of the excessive amount or provide a written authorization for a redesignation of the contribution pursuant to 11 CFR §110.2(b) within 60 days of the treasurer's receipt.

If the foregoing conditions for redesignations were not met within 60 days of the treasurer's receipt, your committee must obtain a refund of the excessive amount.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of the refund or redesignation request sent

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to the recipient committee(s). In addition, any refunds should be disclosed on Schedule A supporting Line 16 of the report covering the period during which they are received. Any redesignations should be disclosed as memo entries on Schedule B supporting Line 23 of the report covering the period during which the redesignation is made. 11 CFR §110.1(b)

Although the Commission may take further legal action regarding the excessive contribution(s), your prompt action in obtaining a refund and/or redesignating the contribution(s) will be taken into consideration.

2. Schedule A supporting Line 11(a)(i) of your report discloses contributions received through what appears to be a payroll deduction plan. Please amend your report to disclose the frequency of deduction. 11 CFR §104.8(b) Please refer to the enclosed sample of properly reported payroll deductions.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1206.

Sincerely,


Julie A. Fleming

Campaign Finance Analyst
Reports Analysis Division

Recipient Name	Date	Amount	Election	Report
Friends of Jim Inhofe Committee	8/18/05	\$5,000	P-08*	Amended Year-End
Friends of Jim Inhofe Committee	2/21/07	\$2,000	P-08	Mid-Year
Friends of Jim Inhofe Committee	4/09/07	\$2,750	P-08	Mid-Year
Friends of Jim Inhofe Committee	4/18/07	-\$2,000	P-08	Mid-Year

*Schedule B of your report discloses this contribution as designated to the 2006 Primary election; however, this candidate did not participate in a Primary election in 2006. Therefore, this contribution has been attributed to the next scheduled Federal election for this candidate, the 2008 Primary.

Schedule A regardless of amount. They include:

- Contributions from political committees and similar organizations;
- Transfers from affiliated SSFs;
- Loans received;
- Loan payments received; and
- Refunded contributions received from political committees.

\$200 Threshold

A receipt in any of the following categories must be itemized if it exceeds \$200 per calendar year, either by itself or when aggregated with other receipts from the same source:

- Contributions from individuals and groups other than political committees;
- Offsets to operating expenditures (rebates, refunds and returns of deposits), if the operating expenditures were paid by the SSF; and
- Other receipts (such as interest and dividends earned on invested funds).

Note that, although a committee only has to itemize contributions in its reports for persons (other than political committees) giving more than \$200 per year, the committee's records must identify the sources of contributions of more than \$50. See Chapter 5.

Itemizing Receipts When Not Required

A committee that chooses to itemize all its receipts, regardless of the \$200 threshold, should use a separate Schedule A to itemize the receipts that do not aggregate over \$200. The committee must include those receipts in the total for Line 11(a)(ii), "Unitemized Receipts," on the Detailed Summary Page.

Categorizing Receipts

Before beginning to itemize the committee's receipts, separate them into the different categories listed on the Detailed Summary Page ("Contributions from Individuals," "Contributions from Political Committees," etc.; an illustration of a completed Detailed Summary Page appears on page 68). The receipts in each category must be itemized on a separate Schedule A designated for that category.

Indicate the type of receipt itemized on a particular Schedule A by checking the box for the corresponding line number from the Detailed Summary Page where indicated in the upper right corner of the schedule. The appropriate category of receipt may also be written at the top of each page.

Some categories may require several pages. The total for each category should be entered on the bottom line of the last page for that category.

Itemized Information

For each itemized contribution, provide:

- The full name and address (including zip code) of the contributor or other source;
- The name of the contributor's employer (if the contributor is an individual);
- The contributor's occupation (if the contributor is an individual);
- The date of receipt;
- The amount; and
- The aggregate year-to-date total of all receipts (within the same category) from the same source. 104.3(a)(3).

The space indicating the election for which an itemized contribution was made ("Receipt For") does not apply to SSFs; leave those boxes blank.

Special Employer Information

If a contributor is self-employed, that should be recorded in the Employer space. If a contributor is not employed, the Employer space should be left blank, but the Occupation space should always be completed (e.g., "unemployed," "retired," "homemaker").

Best Efforts Required

Note that committees and their treasurers must use "best efforts" to obtain and report the information listed above. See page 43 for more information.

Payroll Deductions

Once an individual's deductions aggregate over \$200 in a calendar year, report the total amount deducted from the donor's paychecks during the reporting period on Schedule A. In parentheses indicate the amount that was deducted each pay period. Instead of stating a specific date of receipt, type "payroll deduction" under "Date." The other itemized information, including the year-to-date total, must be completed for each donor. 104.8(b).

EXAMPLE: During an election year, a corporate manager authorizes her employer to deduct \$15 per pay period (each pay period is two weeks) for the company's SSF. The SSF, which files FEC reports on a quarterly schedule, includes the manager's first-quarter contributions (\$90 for six pay periods) as "unitemized contributions" on Line 11(a)(ii) in the April quarterly report.

Sample

Completing FEC Form 3X

Payroll Deductions

SCHEDULE A (FEC Form 3X)		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 11e <input type="checkbox"/> 11f <input type="checkbox"/> 11g <input type="checkbox"/> 11h <input type="checkbox"/> 11i <input type="checkbox"/> 11j <input type="checkbox"/> 11k <input type="checkbox"/> 11l <input type="checkbox"/> 11m <input type="checkbox"/> 11n <input type="checkbox"/> 11o <input type="checkbox"/> 11p <input type="checkbox"/> 11q <input type="checkbox"/> 11r <input type="checkbox"/> 11s <input type="checkbox"/> 11t <input type="checkbox"/> 11u <input type="checkbox"/> 11v <input type="checkbox"/> 11w <input type="checkbox"/> 11x <input type="checkbox"/> 11y <input type="checkbox"/> 11z		11a 11b 11c 11d 11e 11f 11g 11h 11i 11j 11k 11l 11m 11n 11o 11p 11q 11r 11s 11t 11u 11v 11w 11x 11y 11z	
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small>					
NAME OF COMMITTEE (in full)					
Critical Reason Inc. PAC					
Full Name (Last, First, Middle Initial)					
A. Karl Immanuel					
Mailing Address					
3 Critiques Ave.					
City		State		Zip Code	
Kingsburg		VA		33333	
FEC ID number of contributing federal political committee		C			
Name of Employer		Occupation			
Critical Reason Inc.		Brand Manager			
Receipt For:		Aggregate Year-to-Date			
<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		285.00			
Date of Receipt		payroll deduction*			
<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 11e <input type="checkbox"/> 11f <input type="checkbox"/> 11g <input type="checkbox"/> 11h <input type="checkbox"/> 11i <input type="checkbox"/> 11j <input type="checkbox"/> 11k <input type="checkbox"/> 11l <input type="checkbox"/> 11m <input type="checkbox"/> 11n <input type="checkbox"/> 11o <input type="checkbox"/> 11p <input type="checkbox"/> 11q <input type="checkbox"/> 11r <input type="checkbox"/> 11s <input type="checkbox"/> 11t <input type="checkbox"/> 11u <input type="checkbox"/> 11v <input type="checkbox"/> 11w <input type="checkbox"/> 11x <input type="checkbox"/> 11y <input type="checkbox"/> 11z		Amount of Each Receipt This Period 90.00 (\$15.00 biweekly)**			

*Adding Extra Text/Explanation: When using FECFile electronic filing software, this information can be entered using the "memo text" window. To make a memo text entry, select the "view" menu on the FECFile toolbar. Select "All Transactions." Single click (highlight) the transaction to which the memo text will be attached. Then select the "Edit" menu on the toolbar and select "memo text."

**When using FECFile electronic filing software, enter this information in the "description" field.

By June 30 (the closing date for the July quarterly report), 13 pay periods have passed, and the manager's aggregate contributions are \$195—still below the \$200 itemization threshold. The manager's second-quarter contributions again are included in "unitemized contributions" in the July report.

By September 30 (the closing date for the October quarterly report), 19 pay periods have passed, and the manager's contributions reach \$285. Now the committee itemizes the total contributions received from the manager during the third quarter (\$90), providing the year-to-date total in the appropriate space. (See the illustration above.)

In-Kind Contributions

When determining whether to itemize an *in-kind* contribution received, follow the same guidelines listed above under "When to Itemize Receipts." See page 9 for information on how to determine the dollar value of an *in-kind* contribution.

In addition, add the value of the *in-kind* contribution to the operating expenditures total on Line 21(b) (in order to avoid inflating the cash-on-hand amount). 104.13(a)(2).

If the *in-kind* contribution must be itemized on Schedule A, then it must also be itemized on a Schedule B for operating expenditures. See the illustration on page 56.

Appreciated Goods

When a committee receives an *in-kind* contribution whose value may appreciate over time, such as stock or artwork, special reporting rules apply:

- Itemize the initial gift, if necessary, as a memo entry on Schedule A (see "When to Itemize Receipts," on page 53). Under "Amount," report the fair market value of the contribution on the date the item was received. Do not include that amount in the total for Line 11(a)(i) on the Detailed Summary Page.
- Once the item is sold, report the sale price as a contribution on Line 11(a)(i). If the purchaser is known or as an "other receipt" on Line 15 if the purchaser is unknown.

Itemize the transaction on Schedule A if necessary. 104.13(b). See also AO 1989-6.

Joint Contributions

A *joint* contribution is made by a single check that bears two signatures. A check with one signature may also be a *joint* contribution if an accompanying form or letter, signed by both contributors, instructs the committee to treat it as a *joint* contribution. (A check drawn on a joint bank account but signed by only one person does not qualify as a *joint* contribution. Attribute the full amount of such a check only to the person who signed it. Alternatively, a reattribution may be sought using the procedures described below.)

For the purposes of itemization, report a *joint* contribution as though the joint contributors had given separately.

A *joint* contribution is itemized in items A and B in the illustration on page 57. In this case, the committee received a \$1,000 check from a married couple, signed by both spouses. Because there were no

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